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# FRACTIONAL CURRENCY COLLECTOR'S BOARD

## November 1994 Newsletter

It has been a summer of surprises! The activity on the Fractional front just seems to pick up and roll faster. Martin Gengerke has announced that he has sold his collection of regular notes to an investor who in turn is offering the collection at Auction at the FUN show in January. In the meantime, the Fractional Presentation Book purchased by Halpern in 1991, sold in 1993 to Champa, is now up for sale in the Bowers and Merena Nov. 18 sale! Major pieces on the move...

The periodicals have carried quite a good deal of material on our hobby and you will find reproductions of the major articles attached for your files.

This is the last issue in which I will act as editor, writer and chief cook. Benny Bolin is assuming the functions of media provider and fulfillment department for this issue and will take over all the duties of editing and publishing the "NEWSLETTER" as of the next issue. This issue fulfills my commitment to place in Benny's capable hands the updated version of the "Simplified Edition of the Encyclopedia" and the updated version of "The Complete Encyclopedia of Fractional and Postage Currency" as well as this "November 1994 Newsletter".

It has been an interesting experience of trying to provide a forum for discussion that really ended up as a podium from which I tried to keep you up to date with the additional information I gathered. My major regret is that I never accomplished a goal of getting the Dealers and Dealer-members to read the additional data that was offered. Perhaps Benny can change the tone and direction to more completely fill that need of bringing the Dealers into our discussions and experiences.

Because this is my last Edition forgive me, please, for doing a little pontification. Our organization has grown to 144 Dues paid members through the efforts of volunteers who were willing to be missionaries in procuring new members. Those who brought in those new members are to be congratulated for realizing that our hobby and the value of those little pieces of paper only grow through an increase in collectors, not through a rise in prices... A few of our Dealer-members (Denly and Glazer have been most

understanding of that fact) are to be congratulated. The others may understand the principle, but we have no evidence of their membership activity. I have attempted to act as editor with no attempt at self aggrandizement and can only caution other members that this is an organization for mutual benefit and growth.

God Bless and Good Luck, Benny.

Benny Bolin's address is- Route One, Box 331B, Allen, TX 75002. He will be happy to receive your submissions for the next issue of the NEWSLETTER!

Attached you will find the following:-

- 1) Membership List as of November 9, 1994
- 2) Ganz' article in the Numismatist of May 1992 pointing out that likeness of a living person on U.S. Currency is NOT against the law!
- 3) A Brent Hughes promotional piece for Coin World showing Fractional Currency.
- 4) The fourth Brent Hughes Article in the Coin World Series on Fractional.
- 5) A copy of the Gengerke Collection Sale promotional piece.
- 6) A Brent Hughes Bank Note Reporter article on the U.S. Civil War need for currency.
- 7) An article from Linn's Stamp News telling how to get two excellent booklets covering BEP historical Data.
- 8) Copy of the Auction Catalog page from the Champa Sale regarding Clark's Presentation Book.
- 8) Leon Lindheim's Column regarding both what happens when silver rises in price and data on Fractional Currency Shields. \_\_\_\_\_

Au Bientot,  
Milt Friedberg

## THOUGHTS FROM THE NEW EDITOR

It is with great trepidation that I assume the duties of newsletter editor from Milt. I truly believe that the piece that has made the FCCB so strong is the exchange of information via the newsletter. Milt has done an outstanding job in this regard. It is certainly sad and kind of scary to take on the responsibility. So, I **HEREBY REFUSE!** Actually, I will co-ordinate the printing and mailing, etc., but I cannot do it all myself! I need your help. If you have things you want included, send them to me. I subscribe to BNR, Coin World and Paper Money and that is all. Also, the only coin show outside of Dallas Fort-Worth I attend is Memphis. So, I do not have great resources to pull from. So, I will ask you to send me items, articles, finds, etc., and I will put them in the newsletter. I really do believe that this exchange of information is what makes us strong and will vow to do my best to continue Milts' fine work. However, without your input and assistance, I fear the FCCB will suffer greatly.

I have three goals for the newsletter in the coming year. First, who are you? Since we only get together a couple of times per year, I want to print profiles on members in each newsletter. Mine will be first and I would like to publish a couple more in the next edition, so send me info on yourself, like what you collect, how you got started, favorite note, story, etc., personal data, etc. and I will publish it.

Secondly, I will be indexing the past FCCB newsletters. During the years we have been in existence, there has been much information passed down. Since copying and mailing expenses would be prohibitive to send everyone everything, I thought an index so you could pick and choose (and pay for) what you want would be very beneficial.

Lastly, I want to get everyone more involved in member recruitment. I have attached a new member application, so copy it and pass it out freely to any potential new members; take it to club meetings, to shows, dealers put it out in your shops, etc. Just **GET IT OUT!!** I also want to say a big **Thank You** to Bill Brandimore for taking over as membership chairman for me!

# FRACTIONAL CURRENCY COLLECTORS BOARD (FCCB)

Some of the best advice given to collectors, young and old is "Read the book before you buy." This is a very sound practice and should be adhered to by even "expert" collectors. In the fields of general numismatics and paper money collecting, this is very easily done as there are literally hundreds of references to choose from. However, as a collector gets into a more specialized field, these references are harder to find. This is especially true in the field of fractional currency. There were a number of books written years ago dealing with fractional currency; however, there has only been one major reference written in the last twenty years, and it is increasingly harder to find. So, in order to fully study and understand the field of fractional currency, one has to rely on other methods of information gathering. The best method to achieve this is to be a part of a network of individuals who share the desire to learn and can thus share information. To this end, the **Fractional Currency Collectors Board (FCCB)** was formed in 1983 by a group of fractional currency collectors at the Memphis International Paper Money Show. The FCCB is made up of men and women who are interested in the study and collecting of fractional currency. Current membership is around 150 and includes the best known collectors in the hobby.

Membership in the FCCB allows for the needed interaction with other collectors of fractional currency and provides a vehicle for sharing of hard to find information and references. Newsletters are published on an "as news indicates" basis and include new information/articles on fractional currency as well as updates to the *Encyclopedia of United States Fractional and Postal Currency* by Milton Friedberg. Each member gets a copy of the encyclopedia, and a copy of the new beginners book of Fractional upon joining. Also, annual meetings and an educational seminar are held in Memphis at the International Paper Money Show, thereby providing yet another chance for information gathering and exchange. Dues are \$12 per year after the first year which is \$22.

The FCCB derives its' name from the initials of one of the earliest fractional currency collectors, F.C.C.Boyd. During the 1930's, he bought many large and impressive collections such as the Proskey and much of the Brand collections. During this time, he also amassed his incredible collection of fractional currency which today remains virtually intact.

-----DETACH HERE AND RETURN-----

## APPLICATION FOR MEMBERSHIP THE FRACTIONAL CURRENCY COLLECTORS BOARD c/o BILL BRANDIMORE MEMBERSHIP CHAIRMAN 610 FIFTH STREET WASAU, WI 54401

ATTACH \$22.00 FOR FIRST YEAR DUES AND THE LATEST UPDATED COPY OF M.R.FRIEDBERG'S "ENCYCLOPEDIA OF UNITED STATES FRACTIONAL AND POSTAL CURRENCY" and "THE BEGINNERS GUIDE TO FRACTIONAL." MEMBERS RECEIVE NEWSLETTERS AS ISSUED AND HAVE FULL VOTING PRIVILEGES. DUES AFTER THE FIRST YEAR ARE \$12/YEAR.

NAME \_\_\_\_\_ COMPANY NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

WORK PHONE (     ) \_\_\_\_\_ HOME PHONE (     ) \_\_\_\_\_

COLLECTOR \_\_\_ DEALER \_\_\_ COMBINATION \_\_\_ DATE SUBMITTED \_\_\_/\_\_\_/\_\_\_

MEMBERSHIP RECOMMENDED BY \_\_\_\_\_

MAY WE INCLUDE YOUR ADDRESS IN OUR MEMBERSHIP LIST? YES \_\_\_ NO \_\_\_

# NEW EDITOR APOLOGY

DECEMBER 6, 1994

My first newsletter and already I am apologizing!  
Now that doesn't bode well for the future does it?

*My New Motto:*

*Believe the ~~old~~ mature white-haired gentleman  
(and gentleman used loosely).*

Like Milt warned me, this is a big task (and the sad part is I did not even have to write it)!! Sorry this edition is so late. I promise to do better in the future.

Look for the next edition in February, March, April, May?????

# Portraits on U.S. Coinage: Living Up to the Law

A half century of confusion about the legality of picturing living persons on U.S. coinage stems from a simple misinterpretation of the law.

David L. Ganz  
1072



During his presidency, George Washington was almost honored with a series of coins bearing his portraits. Ironically, this 1791 cent was produced by the Soho Mint in Birmingham, England, and shipped to the United States for distribution.

“**L**IVING AMERICANS CANNOT appear on U.S. coinage . . . individuals must be dead at least 25 years before they can be considered . . .” These truisms cannot be challenged. Numerous books, encyclopedias and references cite them with such specificity that there can be no doubt as to their accuracy.

Notaphilists (paper money buffs) and serious numismatists alike will recall that more than a century ago Spencer Clark, a minor clerk in the Treasury Department, placed his own portrait on fractional currency. Congress reacted with a fury, passing a law that forever banned living persons from ever appearing on American money.

Just how this happened is told in the *Coin World Almanac*:

An order from the Treasury Department directed an issue to honor Lewis and Clark, the famed explorers of the Northwest Territory. Instead, Spencer Clark, a \$1,200-a-year chief clerk, interpreted the order to mean his image was to be placed on the note. Congress wanted to fire him, but Salmon P. Chase, the Secretary of the Treasury, intervened and saved his job. As a direct result of this action, Congress enacted a law forbidding the likeness of any living person on any obligation of the U.S.

Milton Friedberg, in his respected *Encyclopedia of United States Fractional and Postal Currency* (1978), noted that “Congress passed the still existing rule forbidding the use of the image of ‘a living American’ on the notes, coinage and obligations of the U.S. Government.”

In the earlier *United States Postage and Fractional Currency, 1862-1876* by Art Christoph and Chet Krause (1958), it similarly appears that “this note

WHAT THIS MEANT was that Congress refused to authorize the expenditure of funds to produce new plates or engravings if the subject of the portrait was still alive.



Without the knowledge or authority of his superiors, Spencer M. Clark, then superintendent of the National Currency Bureau, placed his likeness on the third issue of the 5-cent fractional currency note. The resulting hoopla led to legislation forbidding the portrait of a living individual on any U.S. bonds, securities, fractional currency, notes or postal currency.

ANA MUSEUM

... prompted the law that outlawed any further likeness of a living person on coins or currency.”

The veracity of these statements is unquestioned. If set down in writing and repeated often enough, they must be true and correct. In fact, however, they are absolutely wrong and inaccurate.

What the law says is that “only the portrait of a deceased individual may appear on U.S. currency and securities.” The pertinent statutory provision, now codified in Title 31 of the *United States Code* as Section 5114(b), further provides that “the name of the individual shall be inscribed below the portrait.”

Initially, the Act of April 7, 1866 (Chapter 28, Section 12), stated that “no portrait shall be placed on any of the bonds, securities, notes, fractional or postal currency of the United States while the original of such portrait is living.” Grafted onto the Deficiency Act of 1866 (in a manner similar to the initial addition of coinage redesign legislation to the 1990 budget appropriation), the bill contained a proviso to the appropriation for plates, engraving, printing and paper for national currency notes.

What this meant was that Congress refused to authorize the expenditure of funds to produce new plates or engravings if the subject of the portrait was still alive. Those whose portraits had already been engraved, such as General F.E. Spinner, were not affected. (Ironically, since Clark's portrait



Attorney General George H. Williams determined that Internal Revenue stamps could picture living persons without violating the letter of the law.

ANA MUSEUM



Dominica's 1978 \$20 silver and \$150 gold coins commemorating "Peace in the Middle East" include a portrait of U.S. President Jimmy Carter.

WORLD COIN NEWS



The Philippines depicted Presidents Marcos and Reagan on its 25-piso silver issue of 1982.

WORLD COIN NEWS

... A COIN WAS not an obligation of the United States, that is, one for which the United States was required to pay money, because it *was* money.

also had been prepared, the legislation had no effect on this issue either.) Later, the prohibition was codified in the Revised Statutes of the United States of 1874 (Section 3576), and, prior to the 1982 recodification, the same could be found in Title 31 of the *United States Code* (Section 413).

Early on, it was questioned if the law prohibited the placing of portraits of living persons on Internal Revenue stamps. In 1875 George H. Williams, then Attorney General, held that "effigies of living persons [on] the stamps used by the government in collecting its internal revenue" were proper. "The stamps are not bonds, notes or United States currency of any kind," he stated, "nor yet are they in the ordinary or in any just sense United States securities."

Other portions of the Revised Statutes protected against counterfeiting obligations or other securities of the United States—and stamps are considered securities where counterfeiting is concerned—but the Attorney General found that "it was not the intention of Congress, except in those parts of the criminal law above indicated, to give to the word 'stamps' meaning which neither its etymology or its ordinary use warrants."

Williams then went on to offer the opinion that "the exclusion of portraits of living persons from revenue stamps is consonant to and furtherance of the spirit of said Section 3576," but he concluded that he could not "hold that said such requires the exclusion, or makes illegal the stamps with the portraits of living persons upon them."

That the word "coin" is omitted from the statute is obviously significant. Indeed, typically—at least in the 19th century—a coin was not an obligation of the United States, that is, one for which the United States was required to pay money, because it *was* money.

Each gold coin of the United States was worth its weight in precious metal. A double eagle (\$20) contained .96750 troy ounces of gold; an eagle (\$10), .48375 ounces; a half eagle (\$5), .24187 ounces; and a quarter eagle (\$2.50), .12094 ounces. Gold was officially valued at \$20.67 an ounce, a rate it held from the passage of the Coinage Act of January 18, 1837, until President Franklin D. Roosevelt devalued the dollar in 1934 by raising the price of gold to \$35 an ounce.

Silver coin, at least in 1866, also was legal tender for all debts, for the great Comstock Lode had yet to be discovered. (When it was, it would rake passage of the Coinage Act of 1873 to remove unconditional legal-tender status from silver coin, leaving in its place a more limited convertibility.)

At the time the 1866 statute was drafted, the principal concern was paper currency, which the United States was "obligated" to convert into

... IF A COIN was not a bond, note or security, but rather money itself, the portraiture thereon could depict any person—living or dead—just as it had two centuries before.

coin or securities and the Treasury was obliged to pay for by draft in gold or silver coin. Later, gold and silver certificates were equally encompassed, since they were not "money" themselves, but an obligation by the government to pay money for them.

On February 20, 1894, Attorney General Richard Olney wrote to the Secretary of the Treasury:

Silver certificates are just what they purport to be on their face and by their terms—that is, they attest to the fact that the United States has on deposit so many silver dollars which will be paid to the holder upon presentation . . . In my opinion, they are not "lawful money" within the meaning of the statutes. . . .

Still, the letter of the law, as expressed in the Act of March 2, 1889, was not entirely clear. In 1907 Postmaster General George von L. Meyer inquired of Acting Attorney General Alford W. Cooley if portraits appearing on postage stamps must be inscribed below with the name of the person pictured. The obvious question: was a postage stamp an obligation of the United States or a security?

The Acting Attorney General responded that

[the] proviso in the Act of 1889 for inscribing the name of each person whose portrait was to be placed upon any of the plates for printing United States evidences of indebtedness was a proviso in the section appropriating for wages of plate printers in the Department of the Treasury, to be expended under the direction of the Secretary of the Treasury.

. . . In neither of these statutes were postage stamps included in the designation of issues upon which portraits might be placed. . . . The former expressly mentions bonds, securities, notes, fractional or postal currency, the latter certainly not embracing postage stamps.

Cooley thereupon offered that "it would seem that the Act of 1889 was intended not to apply to postage stamps." Reiterating the arguments made 40 years earlier, he continued, "It has been suggested that, by reason of the definition contained in Section 5413 [of the] Revised Statutes, the word 'securities' in the Act of 1889 must be construed as including postage stamps," and, if the view is accepted as correct, coins as well.

Thus, if a coin was not a bond, note or security, but rather money itself, the portraiture thereon could depict any person—living or dead—just as it had two centuries before.

George Washington, commander-in-chief of the Continental Armies and the first President of the United States, was almost honored with a



Signed into law on March 3, 1925, by President Calvin Coolidge, the 1926 Sesquicentennial of American Independence half dollar commemorative bears profiles of Washington and Coolidge, marking the first time a President's portrait appeared on a U.S. coin during his lifetime.



A new reverse design for the Arkansas Centennial half dollar, authorized by the Act of June 26, 1936, pictures Senator Joseph T. Robinson.



Senator Carter Glass, former Secretary of the Treasury and a native of Lynchburg, Virginia, is honored on the 1936 Lynchburg Sesquicentennial half dollar.



During his tenure, Alabama Governor Thomas E. Kilby was shown with W.W. Bibb, the first governor of the state, on the 1921 Alabama Centennial half dollar.

IF WASHINGTON DECLINED to have his effigy appear on coinage, other modern portraits have been utilized on domestic coinage and foreign issues with less reluctance.

series of coinage—a cent, dime and dollar—bearing his portrait. The Washington cent, presumably engraved by John Gregory Hancock, are examples of what one private manufacturer contemplated for the first truly American coinage (ironically manufactured in Birmingham, England, and shipped to the United States).

In the very first session of Congress in 1791, a bill was introduced to accomplish just such a purpose. The legislation was specific when it called for

an inscription which shall express the initial or first letter of his Christian or first name, and his surname at length, and the year of coinage; and upon the reverse . . . the figure or representation of an eagle with the inscription "United States of America" . . .

Many pattern coins of this period, struck without government approval, reflect the intensity with which the debate was conducted some 200 years ago. History records that Washington disapproved of the use of contemporary portraits, and so it was that when the original Mint Act of April 2, 1792, was enacted, gone was the mention of the "portrait of the President of the United States for the time being" and the use of his "Christian or first name." In its place was a requirement that American money bear a design emblematic of Liberty.

It was that simple concept—coupled with certain mandatory inscriptions, such as the word "Liberty," the issuer (United States of America), the date, and later the national motto "In God we trust"—that gave rise to some of the beautiful and extraordinary coinage of the late 18th and early 19th centuries.

If Washington declined to have his effigy appear on coinage, other modern portraits have been utilized on domestic coinage and foreign issues with less reluctance. In 1979 President Jimmy Carter appeared on Dominica's \$20 silver and \$150 gold commemorative coins. The Philippines depicted President Ronald Reagan and President Ferdinand Marcos on its 25-piso issue of 1982; Reagan appeared again in 1986 with President Corazon Aquino on the 25-piso silver and 2,500-piso gold coins.

The Secretary of the Treasury unilaterally, and without Congressional approval, could have directed that portraits of Carter or Reagan be incorporated in the design of any regular U.S. coinage issue. Any claim that such designs would be illegal and without precedent is completely erroneous. Mint practices earlier in the 20th century demonstrate this conclusively.

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Consider the sesquicentennial commemorative coinage issued in 1926. The legislation was passed in the 68th Congress as Public Resolution 62:

In commemoration of the 150th anniversary of signing of the Declaration of Independence there shall be coined at the mints of the United States gold \$2.50 pieces to the number of not more than 200,000 and silver 50 cent pieces to the number of not more than 1 million, such coins to be of the standard troy weight, composition, diameter, device and design as shall be fixed by the Director of the Mint with the approval of the Secretary of the Treasury.

(The resolution was both specific and imprecise. It meant that the provisions of the Revised Statute would be applicable, stipulating a design emblematic of Liberty and the use of the various, required statutory inscriptions.)

President Coolidge signed the bill into law on March 3, 1925. The half dollar that emerged depicted on its obverse portraits of George Washington and Coolidge. (Though Coolidge was known as "Silent Cal," he is believed to have been alive during most of his presidency.)

Interestingly, contemporary opinion is summarized in Swiatek and Breen's *Encyclopedia of United States Silver and Gold Commemorative Coins*, which notes that "Coolidge's portrait was illegal." A better view, however, is found in Bullowa's *Commemorative Coinage of the United States, 1892-1938*, wherein the author states that the half dollar

caused comment because the obverse bore the portraits of President Coolidge and Washington. Although the precedent for placing the likeness of a living person upon the coinage had been established, it had not been extended to living presidents. Thus, the sesquicentennial half dollar shorted a record of 150 years during which the head of the government had never appeared on the coinage during his lifetime.

Note, however, that Bullowa stated nothing with respect to any illegality, because there was none. (Comelius Vermeule, in his classic *Numismatic Art in America*, calls the design on the coin "arresting," a word that refers to the quality of the work, not any action taken regarding the choice of subject.)

In 1936 Congress authorized the inclusion of a portrait of Joseph T. Robinson (then Senate majority leader) on the reverse of the Arkansas Centennial half dollar (although he died the following year). Senator Carter Glass, former Secretary of the Treasury and one of the men behind the creation of the Federal Reserve system, was pictured on the Lynchburg, Virginia, sesquicentennial half dollar, also in 1936, just as Governor Thomas E. Kilby had been honored on the 1921 Alabama centennial commemorative during his tenure.

The Bullowa treatise notes that the Alabama half dollar represented "the first instance of the portrayal of a living person on a coin of our country and has served as a precedent for several later issues." The author goes on to say that it "seems indeed strange that this signal honor was not first accorded to a President or some other personage of greater significance in American history than a state governor."

Even as the battle continues over a change in the design of our coinage, it is doubtful that if the proposal is accepted it will result in living persons appearing on our circulating coins. The tradition simply is too strong to allow for such self-glorification today. The modern view taken by Congress and the Treasury Department is that medals commemorate the living, while coinage honors the dead and presents allegorical themes.

In a moment of whimsy, consider some of the folk heroes, politicians and statesmen alive today who might be depicted on our coinage. Perhaps this is reason enough to observe that while the living are allowed to be pictured on coins, such an occurrence is highly unlikely.

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ANA Vice President David L. Ganz was elected to the Board of Governors in 1985 and has served as legislative counsel since 1978. A practicing attorney with the New York City law firm of Ganz, Hollinger & Touss, he has written hundreds of articles for *THE NUMISMATIST* and other publications regarding numismatic law.



# Popular notes created by Civil War necessity

By Brent Hughes

If you have confined your collecting to coins only, this is a good time to think about broadening your interests and increasing your pleasure by collecting paper money. The hobby is thriving as collectors enjoy publications such as *Bank Note Reporter* for the historical information while exploring the ads for items they need for their collections.

There is no such thing as too much knowledge and at first you may want to survey the paper money issued by countries all over the world. It's a big world, however, so you will probably find it necessary to restrict your reading and collecting to notes issued by only one country. An excellent choice would be the United States because there is so much material available.

The study begins with the currency issued by the American colonies followed by the thousands of beautiful notes produced during the private bank note era. Then the Civil War began and we had the notes issued by both the Union and the Confederate States of America. These were followed by all of the other notes issued since the United States became whole again.

I have collected notes from all of these periods at one time or another but eventually found that I was most interested in notes that circulated during the Civil War. Coin collectors may be surprised to learn that the Union government was forced to issue "paper change" called Fractional Currency during the emergency. These tiny notes, in denominations from 3 cents to 50 cents, were so successful that they were issued until 1876 in one form or another. They represent a field in themselves, complete with experimental notes that we can buy today.

There were other Union issues as the Bureau of Engraving and Printing was established in Washington, D.C., and our country settled into an economy that was nurtured by paper money. Today of course our citizens are quite content to make small purchases with cents, nickels, dimes and quarters, then jump to paper money for larger amounts. I can't recall the last time I saw a 50-cent piece in circulation in my area, much less a dollar coin.

Actually, a collector starting from scratch with paper money does not have to buy a single note. Scholars in all facets of paper money collecting have written many fine books that public libraries either have or can obtain through inter-library loans.

*The Early Paper Money of America*, by Eric P. Newman covers Continental Currency and the notes of the individual colonies. *The Comprehensive Catalog of U. S. Paper Money* by Gene Hessler covers the period from 1812 to the present day. There is even a section on food stamps, which have become a form of paper money today. Krause Publications offers the *Standard Catalog of United States Paper Money*, which has photographs of all the notes along with current valuations.

If you prefer to own rather than borrow a guide to paper money, *Bank Note Reporter* carries ads in every issue in which dealers offer books to cover almost everything. These dealers can often provide used copies of books that are out of print and they welcome your inquiries.

Of course the same economic factors that have affected coin prices have also been working on paper money. Choice specimens have risen in price so much in recent years that most of us have had to settle for lower grade items. We all know that choice specimens of both coins and paper currency appreciate faster than lower quality ones, so investors have come into the market with large amounts of money to corner the choice items. Most collectors cannot compete with these people and don't have to.

We don't need uncirculated specimens in order to learn about them. We can gain just as much knowledge and pleasure from items in less than pristine condition. That's where our dealer friends come in. They offer us notes in all grades from which to choose. Dealers also respond to want lists to help fill in our albums.

Of course, I hope that you will eventually become interested in Confederate money, the field that I enjoy most. Where else can you find a genuine memento of the Civil War in new condition for around \$12? I attend shows where Civil War memorabilia is offered and I can assure you that almost any genuine article used during the Civil War sells for more than a crisp uncirculated Confederate note of 1864. Uniform buttons, belt buckles, eating utensils, bullets — you name it — there is a collector out there waiting to pay good money for it.

So, to the new collector of paper money, I offer this suggestion if you wish to learn a lot of American history while collecting on a minimum budget: First, buy a copy of *Confederate States Paper Money* by Arlie Slabaugh from Krause Publications or your local dealer. It is a great bargain at \$12.95. Slabaugh gives you 128 pages of history along with photos and descriptions of all the notes issued by the Confederacy. Study the book carefully to see if it interests you. If it does, and you want to own one of the notes, buy either the \$10 or the \$20 note of the 1864 issue which, in fine condition, retail at about \$10 each.

Don't be concerned that you might get stuck with a modern reprint like the ones sold at souvenir stands near battlefield sites. The dealers who advertise in *Bank Note Reporter* know all about reprints and will sell you only the genuine article. Soon you will be able to tell the difference yourself.

Once you have your Confederate note or notes, look at the signatures. They are handwritten autographs of dedicated people who sat at desks day after day during the terrible war, signing notes for a government they believed in. Some were war widows, some were former soldiers who had lost a leg in battle and some were wealthy ladies who just wanted to contribute to the war effort.

Look carefully at the portraits on the two notes. On the \$10 note you will find Robert Mercer Taliaferro Hunter, the proud Virginian who tried to take a meaningful role in the Confederate cabinet. On the \$20 bill is gaunt little Alexander Hamilton Stephens who was elected vice president of the Confederate States of America but refused to stay in Richmond to carry out his duties. He would not resign even though he spent the war years in his native Georgia fighting Jefferson Davis tooth and nail.

Slabaugh's book and one of the notes represent an expenditure of less than



Both the North and South resorted to the printing press to pay for the costs of the Civil War. The North issued Fractional Currency, such as the Lincoln 50-cent note above, until 1876. The South honored its luminaries on some notes. On this Feb. 17, 1864, \$2 is Judah P. Benjamin, a versatile cabinet member who escaped to England in 1865.

\$25, but you end up with an outstanding reference book and a genuine memento of the Civil War.

Be warned, however, that if you get into Confederate currency in a big way it will keep you busy. There are still a lot of Confederate notes lying around in attics and basements. Find it and the owners will often give it to you. Notes also show up at flea markets and estate sales and you may uncover a note worth hundreds of dollars simply because a lot of people don't know their values. Coin collectors know that scarce date coins can be found occasionally; paper money collectors enjoy the same kind of happy hunting.

If your interests lean toward the Union side in the Civil War, you may wish to own a genuine steel-engraved portrait of Abraham Lincoln. A fine one appears on the small 50-cent Fractional Currency note of the Fourth Issue. In very fine condition it sells for \$50 today, but there will always be a demand for portraits of Lincoln, so it is sure to appreciate in value.

Also available is a fine portrait of Edwin M. Stanton, Lincoln's Secretary of War, who created a situation after Lincoln's death that almost resulted in the impeachment of President Andrew Johnson. You will find Stanton on a different 50-cent note of the Fourth Issue. Then go to your library and check out one of the biographies of Stanton.

You will discover that even as a young man some people thought he was mad. Others said he was just weird. For instance, when he was only 19 years old he was living in a boardinghouse while he

worked in a bookstore. The landlady's young daughter served lunch one day, then died of cholera that afternoon. The law required that cholera victims be buried as quickly as possible to prevent an epidemic, so that evening when Stanton came from work and was told that the girl was already buried, he wouldn't believe she was dead. He went to the cemetery, dug up the body and checked for himself. Satisfied, he then reburied the corpse.

Yet in later years this same man became virtual dictator of the United States, achieving powers never again possessed by anyone in this country. American history abounds with such characters, quite a few of them portrayed on our currency.

Do you collect stamps? If so you know that stamps issued during the Civil War are quite expensive. However, you can find the 10-cent Washington U.S. postage stamp of that era engraved on the 10-cent Fractional Currency note. Some of these have perforated edges like a stamp. In fine condition, such a note sells for only \$15 today. You can go further by getting the 25-cent note with five 5-cent Jefferson postage stamps engraved on it. With perforated edges it sells for only \$20 in fine condition. These notes appeal to both paper money collectors and stamp collectors, so they appreciate every day.

Whichever paper money issue interests you most, you will find other collectors anxious to help you learn more about it. We old-timers in the hobby call

ourselves "rag pickers" because a lot of early paper money was printed on paper made from rags. Nowadays some collectors call themselves "syngrophists" because they don't particularly care for the term rag picker. It really doesn't matter what people call us. We enjoy our hobby, learn a lot of history and at the same time, put together interesting collections.

Why not let us welcome you to the world of paper money? It can be a lot of fun.

# 'Try anything' tactic obvious in Fractionals

By Brent Hughes

**Editor's note:** this article is the fourth in a series on Fractional Currency. It appears every other month, alternating with a continuing feature on Confederate notes.

The Civil War brought about significant changes in American financial affairs which might otherwise have taken a decade or more. Treasury Secretary Salmon P. Chase established our national banking system, issued our first paper money, converted it to a legal tender and then brought about the establishment of what became the Bureau of Engraving and Printing.

Treasurer Francis Spinner also introduced a radical change in government personnel practices when he began hiring women. The more conservative groups in Washington predicted dire consequences of this action and set many imaginations in motion.

Not long after the first female workers came on duty, gossips began to whisper that alcohol was being smuggled into the Treasury Building and, on the night shift, wild parties were being held. There was no truth to the stories, but Chase soon found himself awash in rumors of theft, fraud, corruption and conspiracy.

When two near-thefts of paper money did occur, Chase felt that he had to conduct an investigation to clear the air of all the charges. Unfortunately, he asked Secretary of War Edwin Stanton to loan

him a competent detective. Stanton sent over the notorious Lafayette Baker, a man who could find suspects everywhere and send them off to prison without trial.

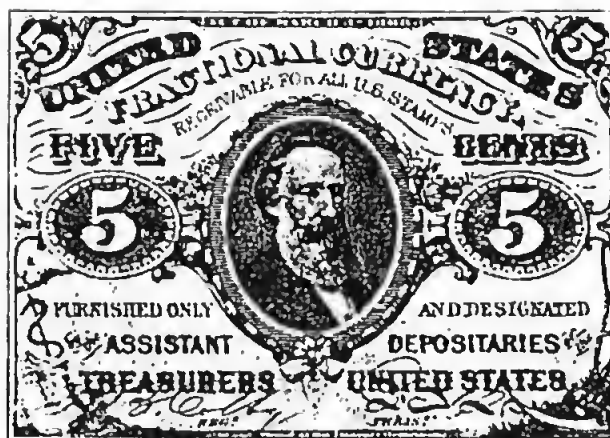
A select committee of Congress eventually conducted hearings that destroyed Baker's credibility and allowed Chase, Spinner and engineer Spencer Clark to renew their efforts to print paper money.

Emphasis was on fractional notes that the public desperately needed for ordinary transactions. Clark had already assured Chase that he could print currency at a much lower cost than that charged by the private companies.

He first had to pick up the pieces of the security paper experiments begun by Dr. Gwynn, who had left Washington after a tragic dispute with Baker. Clark referred to Gwynn's "spider-leg paper" as "membrane paper" on which he expected to print the Second Issue of Fractional Currency.

All of the notes would be of the same design featuring a portrait of Washington in a center oval. The lower half of the design would show a busy dock scene with a steamboat in the background.

The denominations would be 5 cents, 10 cents 25 cents and 50 cents. The back designs would feature a large shield with eagle and the words required by statute, all inside an ornate frame. This standardization of design would result in considerable savings, and it would be easy to switch ink colors to print the backs of different denominations in



Controversy erupted when Spencer Morton Clark, first chief of the First Division of the National Currency Bureau, had his portrait placed on the 5-cent denomination of the Third Issue of Fractional Currency.

brown, green, purple and red, respectively.

The unique feature of these Second Issue notes, however, was a peculiar bronze oval that surrounded the portrait of Washington on the face of the notes. The bronze would also be used to print large denominational numerals on the backs.

These bronze features were designed to prevent counterfeiters from making photographs of genuine notes and converting the photos into plates. The film available at that time could not pick up the design printed on top of the bronze, so making a true copy was impossible.

Evidently, Clark never recorded the

exact details of his unique process or, if he did, the files have been lost. Noted numismatist Milton R. Friedberg did extensive research on the bronze powder procedure, and he believes that Clark used a rubber plate to apply an adhesive to the blank sheets.

This adhesive, sometimes called size or water glass, would remain tacky long enough for workers to sprinkle bronze powder on it. Pressure was then applied and the adhesive allowed to dry. Excess powder would be recovered and used again. Treasury experts say that the bronze impressions were placed on the sheets prior to printing.

Records are sketchy, but they indicate

that Clark was well pleased with his invention. At one point he turned some sheets over to what he called "a scientific commission" that was unable to successfully remove the design, even though Clark revealed all the details of its inception. He also stated that he had "never seen a piece of paper from which it has been removed without also removing the engraving." Since the printing had been placed on top of the bronze powder, it obviously would dissolve when solvents were applied to remove the bronze.

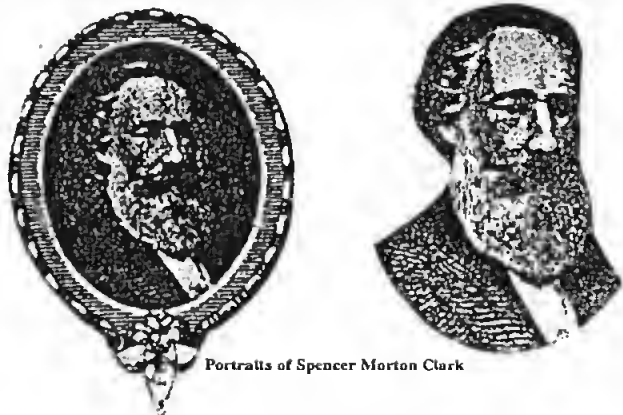
In his book *The Encyclopedia of United States Fractional & Postal Currency*, Friedberg shows a photograph of an uncut sheet of 20 5-cent notes. Clark obviously had registration problems because the bronze ovals are seldom in perfect alignment with the portraits of Washington.

There may have been other problems (breathing the bronze powder must have been hazardous to his employees) because the feature was discontinued after the Second Issue notes were completed.

Many of Clark's experimental notes survived and made their way eventually into the hands of collectors. We find hundreds of varieties which contain printing errors of all kinds. All of these notes are rare today.

Friedberg's outstanding book contains a 38-page chapter on the Second Issue notes in which 171 photographs with text present varieties that most collectors would not see in their lifetimes.

In Treasury archives there is a memo dated Oct. 7, 1862, in which Clark presented his detailed plans for the new issue. He expected to print 16,000 sheets per day, which would require the purchase of 44 additional presses. All engraving and plate making would be done in-house, and, if all went as expected, all



Portraits of Spencer Morton Clark

*"Spencer Clark was a man of many talents — superb inventor, fearless construction man and tireless organizer."*

of the paper would be made there also.

Clark also made the following request: "I respectfully suggest to the Secretary, if these details are to be carried out, that he should give me some title (not to carry any pay) but to give more of an air of official authority than a naked signature will carry."

The memo is signed "S.M. Clark, Chief Clerk, Bureau of Construction." Chase apparently agreed to the title

change because we soon find Clark referred to as "Acting Engineer in Charge" and "Chief Engineer."

Spencer Clark was a man of many talents — superb inventor, fearless construction man and tireless organizer. He was also a very competent administrator who was able to identify skilled artists and artisans and persuade them to take government jobs.

He may have been aided in his recruiting by the possibility that some employees of the New York companies believed that the U.S. government would eventually print all of the nation's paper money, stamps and securities. In that case, they might as well insure their future employment by joining Clark in Washington.

Others may have wanted to get away from an increasing amount of labor unrest among craft unions that were busy organizing the printers in New York City. Clark may have pointed out that there were more opportunities for advancement in a new facility at the Treasury Building.

In any event, skilled employees arrived as quickly as Clark could set up facilities. In spite of cramped conditions and the stress of living in wartime Washington, Clark managed to set up an efficient organization.

An engraver named James Duthrie was hired in August, 1862. He went to New York and persuaded Joseph P. Ourdan and Archibald McLees to move to Washington. They were followed by John E. Prud'homme. A little later Ourdan brought in his father, whom he had trained to engrave.

In December, 1862, Clark hired George W. Casilear who became Custodian of Dies and Rolls. Later he became Superintendent of Engraving and, with one interruption, served until 1893.

Clark suffered a few unfortunate disappointments. Duthrie left in 1865 to go into business for himself. Clark had always admired Duthrie's skill as an etcher. He had only to examine one of the Second Issue notes under a magnifying glass to see the incredible detail of the dock scene under the portrait of

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Washington that Duthrie had created. It shows steamboats tied to shore with gangplanks down, cargo slacked on the wharf, a horse-drawn vehicle waiting to load and a railroad locomotive getting ready to move out.

Elisha Hobart, Clark's transferrer, had previously demonstrated his skill with his magnificent engraving of Sargent's painting, "Landing of the Pilgrims." On July 4, 1864, he went along with a group of Treasury employees on an excursion up the canal to Harper's Ferry, W. Va. On their return they had reached Point of Rocks near Leesburg, Va., when a group of guerrillas under John Singleton Mosby opened fire.

Hobart was killed as he tried to take evasive action. It was ironic that he had, apparently, been released from military service as a captain in the 93rd New York Volunteer Infantry to take the job at Treasury and had been killed by a group fighting for the Confederacy.

Another engraver was Henry Gugler who joined Clark on Jan. 15, 1863. He later left government service to found H. Gugler & Son, a lithographic company in Milwaukee.

Clark suffered a major disappointment in 1864 when he suddenly lost his mentor, Treasury Secretary Chase. Lincoln had been very patient with Chase, who was obsessed with a desire to be President of the United States. He had sought the nomination in 1860 and failed. Now Chase intended to try again in 1864, and Lincoln found himself in the odd position of having one of his own cabinet members working to replace him as President.

Finally relations between the two men became so strained that Chase was asked to leave the cabinet, and in June he submitted his resignation. The forgiving Lincoln held no grudges and stated that Chase had been a superb Treasury Secretary. On Dec. 6, 1864, he appointed Chase Chief Justice of the United States.

The Union war machine that had been built during the previous three years proved to be very expensive, and the Treasury was no longer able to pay the bills. Lincoln searched for the right man to solve the crisis and brought in Sen. William Pitt Fessenden as Treasury Secretary.

Shortly before he resigned, Chase had been unable to get acceptable bids on an issue of six percent bonds worth \$32,000,

so they had been withdrawn. With a paper dollar worth only 34 cents, this lack of interest was understandable. Fessenden thought he could cover the deficit at the Treasury with certificates of indebtedness, but it did not work out.

Once again the U.S. government turned to super bond salesman Jay Cooke, who promptly sold an enormous number of the famous "seven-thirty" Treasury notes. With denominations as low as \$50 being offered, many citizens jumped at the chance to earn 7.30 percent interest payable in three years.

In early 1865, an additional \$600 million was raised in the same way, and the Treasury was solvent again. Fessenden must have felt that he had done all that Lincoln had asked him to do, so he resigned and returned to the Senate for the last four years of his life.

The war ended on April 9, 1865, and military spending began to decline. The country could then have moved into a period of healing, but those hopes were dashed when Lincoln was assassinated a few days later. The federal government was thrown into chaos that would last for many years.

Clark and Spinner, meanwhile, plowed ahead with their projects at Treasury. The Second Issue of Fractional Currency continued to be printed until Dec. 13, 1864, but Clark had already made plans for the Third Issue which began to be printed on Dec. 5, 1864, and continued until Aug. 16, 1869.

With Chase over at the Supreme Court, the private bank note companies in New York began a campaign to share the work of printing the country's paper money, so the Third Issue would be the last to be printed exclusively by the Treasury Department. This may have been the result of too little work space, fears of fires from the dangerous chemicals used in printing currency and just ordinary politics in the postwar years.

Clark had already suggested that the currency bureau needed its own building, but Congress was involved with the serious problems of reconstruction, so nothing was done.

Clark had also made the mistake of putting his own portrait on the 5-cent note of the Third Issue, which outraged many members of Congress. Shortly thereafter an act of Congress prohibited the use of the portrait of any living person on U.S. paper money, and, despite his many accomplishments, Clark must have realized that his days at the Treasury were numbered.

## Gengerke consigns Fractionals

Currency Auctions of America, Inc. announced that it will auction the Martin T. Gengerke collection of Fractional Currency at its sale Jan. 6-7, 1995, to be held in Orlando, Fla. The Gengerke collection is the only complete set of regular-issue Fractional Currency ever formed, and comprises over 150 notes.

In addition to being the only complete collection of Fractional Currency in existence, the Gengerke collection is also the finest collection extant in terms of overall grade. The collection includes the finest known Fr. 1255a (one of only two in existence), the highest grade Fr. 1352 ever publicly sold, and the finest Fr. 1373a, a great Fractional rarity.

Allen Mincho, a principal in the firm, says the magnitude of the Gengerke collection makes this the Fractional Currency event of the decade (if not the century). The sale also has 2,400 lots of other paper currency, spanning the entire spectrum of U.S. paper money.

Catalog for this sale may be obtained by contacting Currency Auctions of America, Inc., principals Kevin Foley, P.O. Box 573, Milwaukee, WI 53201 (414) 282-2388; Leonard Glazer, P.O. Box 111, Forest Hills, NY 11375 (718) 268-3221, or Allen Mincho, P.O. Box 1525, Cedar Park, TX 78630 (512) 250-1475. Catalogs, including the post-sale prices realized, are available for \$15.

# U.S. Civil War proved need of currency to secure victory

By Brent Hughes

The Civil War proved that it takes more than valor on the battlefield to win. Fighting a war takes a lot of money and when the great struggle began in 1861, neither side had much of a financial base. The fundamental reason why the Confederacy lost was a failed fiscal policy in which Southern citizens were asked to accept paper money on the promise that it and Confederate bonds would someday be redeemed in something of intrinsic value.

The Union, on the other hand, soon declared its paper money a legal tender, meaning that Northern citizens had no choice except to accept it, and the system worked.

Credit for the Union's financial success must go largely to Salmon Portland Chase, Lincoln's secretary of the Treasury. Historians call him the father of our national banking system, which is of course based on the principle of legal tender. Chase also set up the U.S. government's own facility to print paper money, what is now called the Bureau of Engraving and Printing.

Chase was assisted in this work by his competent Treasurer, Francis Spinner, and the head of the Treasury's Bureau of Construction, Spencer Clark. It is difficult to determine from department archives just which man conceived each idea in reforming U.S. paper money, but their joint efforts brought success in a fairly short time.

Chase was apparently determined to

gain independence from the private bank note printing companies based in New York City, which he believed were overcharging. Spinner was a veteran politician who had many friends on Capitol Hill and was able to fight off efforts by the private companies to maintain their monopoly. Clark was the nuts-and-bolts man at Treasury who eagerly carried out assignments in the face of bitter opposition both inside and outside the government.

The year 1861 had been chaotic after coins disappeared from circulation and citizens were forced to use such coin substitutes as chits, postage stamps, tokens and barter in order to conduct business. The solution was government-issue Fractional Currency, tiny notes in denominations of less than a dollar. At the time the U.S. government had no choice except to award contracts to the private companies to design and print its first currency, but Chase was very unhappy at the price the government had to pay.

On July 11, 1862, Congress granted Chase broad authority to set up a "paper money factory" in the Treasury Department. By August 1862 Clark had hired his first engraver who spent two months learning his duties before going to New York to recruit Joseph P. Ourdan, a portrait engraver, and Archibald McLees, a letter engraver.

Ourdan was employed by one of the private companies and had engraved the fine portrait of Secretary Chase that was used on the \$1 United States Note



Secretary of the Treasury Salmon P. Chase was a father of the U.S. government paper money plant now called the Bureau of Engraving and Printing.

known as the 1862 Red Seal. He had also created the portrait of Alexander Hamilton that was used on the \$2 bill of the same issue.

On Nov. 20, 1862, the engraving staff consisting of three men went to work at Treasury to create printing plates. In January 1863, Clark was given authority to process notes of all denominations and the Bureau of Engraving and Printing was born.

The large number of counterfeiters who had successfully copied the state bank issues for decades quickly produced their spurious versions of the new U.S. currency, even the tiny 50-cent Postage Currency notes, so Chase



Col. Lafayette Baker, War Department provost marshal, investigated allegations of fraud in the Treasury Department. A congressional committee discredited his findings.

wanted to develop a unique security paper over which the government would have complete control.

He was also aware that photography was now being perfected, so the counterfeiters could be expected to acquire cameras with which to make plates. Clark looked into this problem and told Chase that the second issue Fractional Currency, that the Treasury Department would print, would have a clever bronze powder design that would defeat the photographic film then available.

Chase was starting from scratch in his

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The face and back of the 5-cent note of the Second Issue of U.S. fractional currency. Spencer Clark invented an anti-counterfeiting device in which a bronze powder oval was adhered to sheets prior to printing. The adhesive was applied with a rubber mat that apparently stretched in use, causing misalignment of oval and portrait. Skeleton-type denominational numerals and corner devices on the back also used the powder.

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search for a security paper, so he asked the distinguished American Academy of Sciences for help. He also placed ads in newspapers offering awards to inventors of special papers that met Treasury specifications.

Thus began the sad saga of Dr. Stuart Gwynn and his misadventures in trying to help the government. In later years Dr. Gwynn recalled the events in vivid detail:

"My business is that of a chemist, inventor and engineer; I am 46 years old; have a family of wife and five children. The homestead of my family is in Cortlandt Township, Westchester County, N.Y. I have been in Boston a considerable portion of time since 1855, but consider N.Y. City as my residence, having a place of business there.

"My first correspondence with the Treasury Dept. was in June or July, 1862. It was in regard to having the Dept. adopt a new kind of paper of my invention. In October 1862 I received a telegram from the Hon. Secretary of the Treasury asking me to come to Washington immediately. I hesitated as I was busy with my inventions connected with steam engines, new telegraph instruments, gas apparatus, etc., in completing them and obtaining patents. I consulted with the parties interested in me and they consented to my going to Washington to learn what Hon. S.P. Chase wanted of me in regard to the 'paper'. The result was the making of a contract, etc."

Gwynn's contract could be terminated on 60 days notice (Chase was taking no chances on drawn-out experiments). After signing his agreement with Chase, Dr. Gwynn was introduced to Spencer

Clark who liked the inventor immediately. The two men worked as a team, with Gwynn actually living on the third floor of the Treasury Building. This was not too unusual because Spinner often slept there, guarding his vaults, and Clark occasionally stayed overnight working on his machinery.

The standard printing method using steel-plate engravings required many slow stages of wetting and drying the paper. Clark, always in a hurry, wanted to print on dry paper. He soon discovered that the paper had to be softened with water before it could be pressed far enough into the plate to pick up the ink. It would obviously require far more pressure than available machinery could provide.

Clark and Gwynn designed a huge apparatus to provide the pressure and while Clark built it, Dr. Gwynn began making his special paper in a basement shop. His process involved the taking of two very thin sheets of paper and binding them together with short pieces of fiber such as silk or jute sandwiched between them. The resulting paper was called "spider-leg web" because the tiny fibers trapped inside resembled the legs of a squashed spider.

Clark intended to use hydraulic pressure using oil as a power source for his dry-printing presses. Gwynn designed two large steel cylinders with giant pistons inside. The oil would be compressed in the cylinders and forced through a network of pipes to the presses.

While the cylinders were being made by the firm of Pool and Hunt Engineers in Baltimore, Clark began construction in one of the courtyards. He erected a huge oak timber that reached to the top of the building. On top of this timber he

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# Free booklets; Postal Service library; BEP

Here are offers of two booklets that belong in every collector's library. The booklets are yours for the cost of a postal card or letter to the United States Postal Service

Grand Canyon taking mail and cargo to Supai, Ariz., to the Havasupai Indian Reservation, population about 500.

I found the most helpful sections to be "Significant

and Printing has just issued a 20-page booklet titled "100 Years of Stamp Production 1894-1994." The Bureau booklet is a reprint of an article by Gary Griffith from

Mississippi issue of 1898.

Our hobby owes a debt of gratitude to Gary Griffith for his article and to Cecilia Wertheimer for her efforts in displaying much of the material to the public. Wertheimer is the curator of the Bureau's Historical Resource Center.

Single copies of this valuable booklet are available by writing to the U.S. Bureau of Engraving and Printing, Historical Resource Center, Room 702-5A, Washington, DC 20228.

A little known secret is the library at U.S. Postal Service headquarters. Officially called Corporate Information Services, it is located on the 11th floor and is open to the public Monday to Friday from 9 a.m. to 4 p.m.

If visiting the library, tell the guard that you want to go to the library on the 11th floor. You'll receive a pass that must be worn at all times. Be certain to get directions, because the elevators from the ground level go only to the 10th floor, and there is one elevator that goes to 11 from 10.

In the library, you'll find a vast accumulation of material: orders of the postmasters general, postal guides, postal laws and regulations, bulletins and philatelic press releases. There is a photocopy machine available to use, and copying fees are nominal.

Material cannot be checked

out of the library, but there is an inside method of getting most material to your home for further study. Once you know the title and year of what you are seeking, ask your local library to request it from the Corporate Information Library, U.S. Postal Service, 475 L'Enfant Plaza S.W., Washington, DC 20260-1540. It should be available to you through the inter-library loan system.

Incidentally, Henry W. Beecher, author of the recently published book *U.S. Domestic Postal Rates, 1872-1993*, was doing research in the Postal Service library when he became ill. Beecher passed away shortly afterward, in March 1992.

His original source work came from the hundreds of volumes on the Postal Service's library shelves. His wonderful book largely is a compilation from these massive records.

Robert F. Gardner Jr., Postal Service librarian, fondly remembers the dedication of Beecher. In Beecher's preface, I am proud to have been named as one who helped provide encouragement and information toward his efforts. His book is a must for every philatelist interested in U.S. postal rates.

The U.S. Bureau of Engraving and Printing is going to revitalize its visitors en-

trance to bring it into the 20th century.

Also in the works are plans to include postage stamp production tours in conjunction with the current currency tours. This is being planned now and is expected to be ready within one year.

## The Insider

By Les Winick

or the U.S. Bureau of Engraving and Printing.

Both booklets are brand new, never offered before to the best of my knowledge, and fascinating to read.

Requests will be honored for single copies of the Postal Service booklet. Reasonable requests for multiple (or single) copies of the Bureau booklet will be honored.

The *History of the United States Postal Service, 1775-1993* is an 8 1/2-inch by 11-inch booklet of 34 pages detailing the evolution of our postal system from colonial times to today.

Information includes the role that free city delivery and rural free delivery played in the development of the United States as well as the roles of airmail, parcel post and lots more. The details of the Postal Reorganization Act, mule mail, automation and the doings of the Postal Rate Commission are included, too.

One photograph from the booklet is pictured nearby. It shows a mule train at the



This mule train to Supai, Ariz., is the last mule train mail delivery route in the United States. It delivers mail and supplies to the Havasupai Indian Reservation at Supai.

Dates in Postal History," "Research Sources" (a fantastic listing) and the bibliography. The dedication of former Postal Service historian Rita Lloyd Moroney and current historian Megaera Harris show in this marvelous booklet.

This booklet can be obtained by writing to the U.S. Postal Service, Attn.: Historian, 475 L'Enfant Plaza S.W., Room 10340, Washington, DC 20260-0012. Ask for Publication No. 100 and do not include any other questions or requests in your letter.

The Bureau of Engraving

the July 1994 issue of the *United States Specialist*.

The profusely illustrated booklet starts with the Bureau's first issue of stamps, including the 2¢ Washington in 1894, and continues through the upcoming 29¢ George Meany commemorative of 1994.

As you leaf through the booklet, you will see original artwork, die proofs, retouched photographs, trial color proofs, unissued designs, booklets and lots more.

Included is the story of source artwork that was discovered in 1991 for the 10¢ value of the Trans-

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cables through holes in the brick walls and over to the cylinders. On the other end of the wire cables, Clark hung cast-iron blocks weighing 100 tons.

In operation, a steam engine would be used to raise the blocks to a certain height where a trip device would release them. They then dropped several feet until the cables stretched and transferred the pressure to the cylinders on the roof. Needless to say, this activity caused a lot of noise in the building and office workers became quite nervous. Their supervisors told them that Clark had the firm backing of Chase so it would do no good to complain. The employees came to work each day wondering what "Crazy Clark" would be doing.

Clark's problem was that steel technology had not advanced to the point where cylinders could be produced that were capable of withstanding the tremendous internal pressures generated by the falling weights. They burst, spraying oil in all directions. Pool and Hunt Engineers were helpless to correct the problem that Clark attributed to "bad iron."

There were other problems. Charles Neale, assistant superintendent in charge of printing Fractional Currency, said it best: "I was appointed to my position Oct. 11, 1862, and was immediately sent to Philadelphia and New York to procure presses and workmen to print the Fractional Currency; the men to report after Nov. 1st, 1862. The roof was not on the building in the Treasury Dept. until January 1863 and we had the presses up in March.

"I wanted Mr. Clark to use bank-note paper and print in the old mode in order to supply the demand, but he declined

doing so. The new mode (on dry instead of dampened paper) and experiments have been going on from that time until October last. The paper would not absorb the ink and although one face might have a good impression, it was difficult to print the other side. It required two-thirds more power to do so and many presses broke. At present we have only three hydraulic presses at work and we are working about 50 ordinary presses, day and night, with about 100 men employed."

Of course, the private bank note companies had their informants inside the Treasury. They and their representatives on Capitol Hill were hoping that Clark's problems would worsen. Then, in December of 1863 a clerk in Spinner's office stole a large amount of money. Even though he was promptly arrested and all the money recovered, the incident gave critics just what they were looking for. They implied that Treasury employees were stealing the paper money as fast as the presses could print it. All kinds of rumors were spread.

Chase was quite upset and sent a note to Secretary of War Stanton on Dec. 23, 1863, asking him to detail a detective from the War Department to look into the charges. Unfortunately the detective sent by Stanton was the notorious Lafayette Baker, a rather mysterious operator who somehow managed to get himself involved in every suspicious activity that was going on in the chaos of wartime Washington.

Today we would refer to Baker as a "loose cannon" because he was continually firing off barrages of false charges with no regard for the truth. Stanton had used Baker to straighten out several corrupt war contractors, the job which Lincoln has asked him to do.

Baker's first report to Chase indicated

that all the rumors were well founded, that he was finding evidence of wrongdoing all over the department. Chase was taken in by Baker and did not realize that he was just continuing to do what he had been doing. Stanton was ruthless in ferreting out crooked war contractors and Baker had used that trait to ride roughshod over civil rights of suspects. He had thrown many innocent people into the Old Capitol Prison and left them there. Now he was digging into the paper money activities of Spinner and Clark and no one knew where it all would end.

Chase moved decisively. He ordered the Solicitor of the Treasury to conduct an immediate inquiry into the matter and when that official asked Baker for his evidence, Baker told him that he took orders only from the Secretary of War. Shortly thereafter Baker alleged that both Clark and Dr. Gwynn were conspiring to defraud the government.

The wily Baker then broke into Dr. Gwynn's living quarters in the building and seized all of his personal papers. After going through them he claimed that he had found proof of fraud, placed Gwynn under arrest and threw him into a damp cell in Old Capitol Prison. The Solicitor and Secretary Chase were both appalled, but Baker put them off by stating that a full confession by Dr. Gwynn would be delivered to them shortly. On the strength of that statement, Chase signed a commitment order on Gwynn on Jan. 7, 1864, and temporarily suspended Clark until the matter could be resolved.

Baker's delaying tactics finally made Chase suspicious, so he sat down at his desk and carefully examined the papers seized from Dr. Gwynn. To his amazement he could find nothing to support Baker's allegations. He called in the So-

licitor and told him to visit Dr. Gwynn in his prison cell and get the truth. Gwynn was pacing his cell, outraged at the treatment he had received. The Solicitor soon realized that both he and Chase had been duped by Baker, and Gwynn was quickly released.

Clark apparently went right back to work but Dr. Gwynn was having none of it. He packed his belongings and moved to a boarding house. From there he conducted his business by mail and messenger and never entered the Treasury Building again. Every night he wrote letters to friends telling them about Baker and how the so-called detective was kicking people around. Chase soon heard from some of Dr. Gwynn's friends and began to make discreet inquiries all over the government establishment. Mr. Baker did not realize it right away, but his chickens were about to come home to roost.

### Sources:

■ Limpert, Dr. Frank A., *United States Postage Currency, August, 1862-May, 1863 and Fractional Currency, October, 1863-February, 1876*. Privately printed. Royal Oak, Michigan, 1946.

■ Report No. 140, 38th Congress, First Session, House of Representatives; report submitted by Salmon P. Chase to James A. Garfield, chairman of The Select Committee Investigating the Treasury Department, as cited in *The Encyclopedia of United States Fractional and Postal Currency* by Milton R. Friedberg, New York, 1978.

■ *History of the Bureau of Engraving and Printing, 1862-1962*. Treasury Department Publication, 1962.

■ Hessler, Gene, *The Comprehensive Catalog of U.S. Paper Money*, Fifth Edition, BNR Press, Port Clinton, Ohio, 1992.

## Extremely Rare Fractional Currency Presentation Book



- 545 UNITED STATES TREASURY DEPARTMENT: [*Fractional Currency Presentation Book*], (1868), 31 proof uniface impressions of fractional currency from the first, second and third issues, latter two without surcharges, each specimen mounted on 11x15 cm page with protecting leaf, all edges gilt, original full red morocco, sides panelled and decorated in gilt, S. M. Clark's name gilt stamped on the front board, spine lettered in gilt "Specimens of United States Fractional Currency," inner gilt dentelles, moire endsheets, spine a trille scuffed. Fine. (12,500.00)

Prepared in 1868 under the administration of Andrew Johnson for presentation to the president, chief justice, cabinet members, and House and Senate dignitaries, perhaps only 15 nearly identical books were produced with the name of the recipient gilt stamped on the front board of each. No more than nine may be

traced today, and of these, one has shed its original binding, forever hiding its provenance, and three are permanently impounded in the Smithsonian, the A.N.A., and the A.N.S. Containing clear vivid proof impressions of nearly the entire type set of First, Second, and Third Issues, their exceptional numismatic value lies in the fact that they were not overprinted with the bronze anti-counterfeiting surcharges seen on production and souvenir bills released by the Currency Bureau. According to Martin Gengerke's "History of the Fractional Currency Presentation Books," (*A.N.A. Centennial Anthology*, 1991) 13 of the 31 specimens are unknown outside of the presentation books, and the remaining 18 are known in only one or two examples. The present example is one of two copies made for himself by Currency Bureau Chief Spencer M. Clark, who unabashedly placed his portrait on the five-cent note-Third Issue. Its existence was unknown until 1991 when it was acquired by Herman Halpern in Stack's October 1991 sale. It reappeared in the Stack's sale of his paper money in 1993 where it was acquired by Armand Champa. (See Color Plates I/XII)



Cleveland  
Plain Dealer  
10/30/94

# Bureau offering souvenir cards

By LEON LINDHEIM

An ever-growing sector of paper money collecting is the souvenir cards produced by the Bureau of Engraving and Printing. The bureau for the first time is offering the public the opportunity to subscribe for a full year's offerings (or any part thereof) in advance of their issuance. For detailed information on the 1995 souvenir cards, write to Bureau of Engraving and Printing/Mail Order Sales, Room 515M, 14th and C streets S.W., Washington, D.C. 20228.

## DID YOU KNOW

... that the Bureau of Engraving and Printing has not always printed its own currency?

Early U.S. notes were printed by private firms, under contract. On many of the older large-size notes can be found, in small print, "National Bank Note Company, N.Y.," "American Bank Note Co., N.Y.," or "Columbian Bank Note Co., Washington, D.C." Not until Oct. 1, 1877, were all U.S. securities and currency printed at the Bureau of Engraving and Printing.

Q. I was given a brass piece that says "ONCHAN INTERNMENT CAMP" around the edge and "ID" in the center. The other side has a design but no wording.

A. You have quite a scarce token. During World War II, a prisoner-of-war camp was established on the Isle of Man at Onchan. This camp issued tokens in 1941 with a value of a half-penny, one penny and sixpence. Your piece possibly left the camp at the end of the war with a German repatriate, or in the pocket of a British guard.

Q. Why did Canada discontinue issuing her 10-cent, 25-cent, 50-cent and \$1 coins in silver?

A. Silver had become in short supply. As is always the case when demand exceeds supply, the price goes up. When silver was at \$1.29 an ounce prior to June 1967, the silver coins of Canada contained less silver than the stated value of the coins.

But today silver is about \$5.30 an ounce. A story in the March 1968 issue of Coins magazine indicated that with silver at \$2 an ounce, the Canadian 10-cent coin had about 12 cents in silver value, the 25-cent about 30 cents in sil-

ver, the 50-cent about 60 cents and the dollar about \$1.20. At those levels, it would be profitable to melt the coins and sell the silver.

Q. I have a fractional-currency shield that has been in my family. Do you have any information on these shields?

A. Fractional currency was a byproduct of the Civil War because "hard money" was hoarded and a substitute for small change had to be found. Since there was much counterfeiting of this fractional currency, in 1866 and 1867 these shields were designed, picturing 39 obverses and reverses of the types of notes being counterfeited.

These were sold to banks, to be used as counterfeit detectors, for the face value of the notes pasted on the shield. After these "shin-plasters" no longer circulated (after 1876), banks usually placed the shields in their basement storage rooms, where most became water-stained and mildewed. Today, with the growing interest in paper money, good shields are valuable items. They are unpriced in today's catalogs, but when one is offered, it sells for \$2,500 to \$3,000.

Q. How do I sell my coins if I stop collecting?

A. If you have built your collection from coins in circulation, the chances of having premium coins that would bring a profit from a dealer are remote. Remember that the dealer must charge a premium for a common coin to make a profit. But if you have scarce or rare coins, you should have no trouble disposing of the collection. Many of the larger dealers will give you the alternative of selling to them at a fixed price, or placing the coins with them for sale at auction.

A list of the 12 most popular coin and paper money catalogs has been prepared. If you would like a copy, send your request to Leon Lindheim, care of Feature Editor, The Plain Dealer, 1801 Superior Ave., Cleveland, Ohio 44114. Please enclose a stamped, self-addressed envelope.